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ABSTRACT

This presentation is concerned with Ontario's publicly supported university financing system as it affects faculties and colleges of education. This program allows universities autonomy in designing programs and allocating funds, relies heavily on provincial grant revenue, utilizes a complex formula system recognizing program cost differentials, and accounts for a high proportion of total revenue. Preservice or bachelor of education programs are funded through per student grants computed at $2,656.00 per full time equivalent (FTE), with bachelor of education students weighted as two FTE. Graduate education programs are funded through a similar formula but with a freeze on funding as of 1975-76. No public funding is available to colleges of education for general teacher inservice education, but it is available for programs leading to Ministry of Education specialist or other certificates through student grants of $235.00 per FTE. As enrollment in preservice programs declines, it is significant that 12 students in one certificate course are necessary to offset a loss of one student in the preservice program. Serious money and student shortages now face colleges and faculties of education. They are attempting to replace the loss of preservice students by concentrating on graduate and continuing education, but the shift will not be easy. (Author/JM)

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# FINANCING TEACHER EDUCATION IN ONTARIO

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## FINANCING TEACHER EDUCATION IN ONTARIO

In this brief presentation about Financing Teacher Education in Ontario, I will be restricting myself only to those activities which are conducted by Faculties and Colleges of Education associated with the University system. What I have to say, therefore, must be placed within the overall context of the problems of University finance as a whole. Because the University system is financed through the Ministry of Colleges and Universities, there is little direct relationship between the Ministry of Education and the Faculties and Colleges of Education insofar as the basic revenue affecting Teacher Education is concerned. It is necessary, therefore, for me to begin by identifying some of the characteristics of the University financing system before proceeding to deal specifically with financing of Teacher Education.

The first characteristic of the system is that it has been designed to provide for a high degree of autonomy for each of the Universities in the system. In operational terms this means that Universities are responsible only to their Boards of Governors or Trustees for the nature of the programs to be offered and the allocation of resources to these programs. While financial support is available from the Ministry of Colleges and Universities only for those programs which the Ministry decides to recognize for grant purposes, it is possible for a University to offer a program which is not recognized provided it does so from its overall revenue.

A second characteristic of the University financing system (a characteristic which serves to limit the autonomy provided under the first characteristic) is the high degree of reliance upon grant revenue from the Provincial Government for operating purposes. Currently grant revenue provides some 80 percent of total University operating income with the other 20 percent being made up of fees, revenue from other sources including contract research, and Government grants for specific purposes. The absence of additional revenue sources for Universities and Colleges naturally has an impact on the division of the total Government revenues available to support the total educational sector. Thus for the fiscal year 1976-1977 some 26 percent of total Provincial Government expenditure was allocated to education. Of the 26 percent, however, 14 percent of the total expenditure was in the form of grants to school boards. The remaining 12 percent was expended for all other educational purposes and included grants to the Colleges and Universities sector. The continuing escalation of educational costs at all levels in the system together with the impact of declining enrolments at all levels of education suggests there will be increasing pressure on local school/

boards to rely more heavily on their own local sources of revenue, and in continuing pressure on the Universities to control or reduce their costs. Given the somewhat dismal projections of the Ontario Economic Council of the resources to be made available to the public sector as a whole in the forthcoming decade, there is little likelihood that this pressure can be alleviated.

A third characteristic of the University financing system is its complexity. The wide range of programs offered by Universities is associated with an equally wide range of costs. The grant structure attempts to allow for the variation through a formula approach by means of which grants in support of various programs are weighted to reflect their additional costs. Since this formula is intended to reflect cost variations over the overall system, it is quite clear that it may be possible for two Universities to offer the same program at considerably different cost per student. The University which is most successful in managing its cost, is the University which can maximize the difference between the cost and the grant revenue. This third characteristic tends to reinforce the concept of University autonomy which the second characteristic tends to reduce. In summarizing the system, therefore, one might say that Universities are financed by means of a formula system which recognizes program cost differentials and which because of lack of alternate revenue sources accounts for a very high proportion of total revenue. The high degree of autonomy afforded each University means that such revenues flow into the University as a whole and are allocated internally by processes which reflect the priorities and philosophy of the institution.

It is conceivable that not all the resources which may be allocated to the University as revenue under the formula in support of a particular program may, in fact, be allocated by the University to the support of that program.

It may be noted here that this two stage allocation system is not peculiar to Ontario, but in one form or another is common throughout Canada. Nevertheless, the system may lead to difficulties in financing specific programs including Teacher Education, hence I shall refer more specifically to these later in my presentation. However, if one were to attempt to identify a non-educational parallel, one might use the recent decision to reduce the Federal Sales Tax from 12 percent to 9 percent.

The purpose of the decision was to reduce overall prices to the consumer. There is, however, no guarantee that the reduction in the sales tax will be carried over to the consumer. Decisions to reduce or retard increases in price levels will be made by producers and retailers acting within the context of their/

autonomous decision-making structure. Just as business men may use the reduction in Federal Sales Tax to offset a price level increase occasioned by an increase in cost, a Provincial Government policy of keeping the rate of grant level increase below the rate of inflation may distort the pattern of resource allocation within the University by encouraging the continuation and development of programs which offer greater possibilities of producing revenues in excess of their cost.

Before proceeding further, it might be wise to explain the system of Ministry of Colleges and Universities grants to Universities. Since the focus of our discussion is Teacher Education, we will make specific reference to the funding of programs in Colleges and Faculties of Education. For explanatory purposes, it is useful to think of a College's or Faculty's work as being allocated to one of three programmatic areas: a Pre-Service or Teacher Preparation Program, a Graduate Program, and a Continuing Education Program. The funding arrangements for each programmatic area have much in common, but are sufficiently distinct to be treated separately.

The Pre-Service Program

Until relatively recently the preparation of teachers for school system was considered to be the only responsibility of Faculties and Colleges of Education and accordingly the University has derived the greater part of its revenue from grants paid for this program. The pre-service or B.Ed. programs are funded as undergraduate programs. The form of the grant is similar to that used in financing public education inasmuch as it is a per-student grant weighted to reflect differences in program cost. Some years ago, it was decided to even out the effects of growth or decline in any single year by using an averaging approach. Thus in determining the number of students for which a University receives grant, the enrolments are averaged over a three year period. That is to say, the enrolment for grant purposes in 1978 is computed on the basis of one-third the enrolment in 1974-75 and one-third the enrolment in 1975-76 and one-third the enrolment in 1976-77. Because of an increasing tendency on the part of University students to spread their programs out over a number of years and sessions, the use of a simple head count to measure enrolment has proved inadequate. As a consequence, enrolment is computed in terms of full-time equivalents. The number of full-time equivalent students for enrolment purposes is computed by dividing the number of full course registrations by five (a normal years load). Thus 10 students registering for one course is the full-time equivalent of 2 students. When the number of full-time equivalent students has been determined/

as above, the grant is computed in accordance with a weighting system. Students in undergraduate pass programs and students in the first year of honours programs are weighted at 1.0. Students in the remaining years of undergraduate honours programs are weighted at 1.5. Students in bachelor of education programs are weighted at 2.0. The full-time equivalent weighted enrolment as derived above, is then multiplied by a figure which reflects the basic income unit for the year. For the current year the figure is $2,656.00. The total amount less the recognized fee is paid to the University. Student fees are, of course, retained by the University.

Perhaps a number of comments with respect to this arrangement is appropriate. The first comment is that the weighting of two BIU's for students in pre-service programs, provides a considerable amount of revenue for the University since each pre-service student earns the University over $5,200.00. Clearly any University which can control the cost of a pre-service program at a level approximating that of the other undergraduate programs in the University will be creating for itself a subsidy. As a consequence, Deans sometimes find it difficult to obtain funds for programmatic thrusts which do not apply to other programs such as teaching practice. Secondly, the effect of a decline in pre-service enrolments is for the University of considerable more significance than a decline in most of the other undergraduate program areas. From the Universities' point of view, the effect of a one percent decline in student enrolment in B.Ed. programs is almost twice as significant as a decline in pass undergraduate programs.

Graduate Programs

A number of Ontario Universities offer graduate programs at the Masters level. The Ontario Institute for Studies in Education and University of Ottawa also offer programs at the Doctoral level. Until 1974 graduate programs were financed through the same formula as undergraduate programs but with higher weights. An M.Ed. program was weighted at 1.0 BIU per term and the Ph.D. at 6.0. Because of concerns over the dramatic increase in the number of Universities offering graduate programs of all types and the cost of funding them, a freeze was placed on graduate funding. The freeze meant a departure from the enrolment driven formula used for funding undergraduate programs. In effect, this means that revenue derived by a University in respect of its graduate programs was restricted to the amount received in the base year of 1975-76, plus an annual upward adjustment to reflect inflation. In order to distinguish this sum of money from the basic income unit described above, the term graduate/

funding unit was used. The graduate funding unit is currently set at $2,589.00 and is somewhat lower than the basic income unit. The freeze was imposed for a five year period which is due to expire in May of 1979. As yet, no announcements have been made with respect to the type of funding which may be anticipated in the post freeze period.

The funding arrangements make it clear that there has been little or no incentive for a University to encourage any increase in graduate enrolment where the program was approved for funding prior to the introduction of the freeze. Indeed, there is a disincentive for them to do so inasmuch as the revenue that the University derives, with the exception of the fee component, does not increase as a consequence of increases in enrolment. This is a matter of some significance when we consider the increase in demand for graduate studies in education. Universities currently offering graduate programs do not benefit if they make efforts to extend their offerings to off-campus centres or to provide additional courses and/or programs to meet the demand.

It is not surprising, therefore, that the demand has been met increasingly by U.S. Universities offering programs in many centres throughout the Province. Since the U.S. Universities are under no obligation to meet the standards of assessment required by Ontario Universities which include a high level of support such as library holdings and the qualification of Faculty, there is a tendency for some of them to view Ontario students as a source of easy profit. Unfortunately, the willingness of the Profession and School Boards to accept graduate degrees at face value does little to improve the situation.

Continuing Education

The situation with respect to the funding of continuing education is perhaps the most complex of all. Basically, continuing education offerings by Colleges and Faculties of Education are of two types. The first type includes courses which are offered for credit towards Ministry of Education specialist or additional certificates. A second type includes courses which are offered to practising teachers on a non-credit basis and are directed primarily towards the professional growth of teachers. No current funding is available for activities of the second type and Faculties and Colleges which provide such opportunities do so, either as a service to the teachers in the community or on a self-financing basis.

Continuing education courses offered towards additional certification may be financed in a number of ways. The selection of any particular method is to a large extent presently at the option of the University. First, courses offered/

for additional certification may be offered to practising teachers in a semi-contractual fashion through the Professional Development Branch of the Ministry of Education. Financing for such courses, if offered during the summer session, is normally based on a per student grant which last year was $235.00. Courses offered by agreement with the Professional Development Branch in fall and winter receive no financial assistance. If, however, the Senate of a University approves courses for credit towards a recognized degree or diploma program, such courses, whether offered in the fall and winter or summer sessions, become eligible for grant under the conditions prevailing for the support of normal undergraduate programs by M.C.U. Clearly, it is to the University's advantage to offer a course such as the Part One, Special Education Course as a full course at the undergraduate level, since this approach will generate over $1,000.00 per course registration if it is offered as an education course. Some Colleges and Faculties of Education have been offering courses leading to additional certification during the pre-service year. When such courses have been identified individually and approved by the Senate of the University, they have been eligible for funding at the undergraduate level.

Clearly, the complexities of funding in continuing education programs are such that it is not possible to deal with them in any great detail at this time. It is perhaps very important to stress that the variety of ways in which funding is obtained for continuing education courses was of less consequence during the time of heavy enrolments at the pre-service level. As Colleges and Faculties of Education seek to divert their faculty energies from pre-service programs to continuing education programs, the matter of financing will become more significant. The problem is, of course, intensified when one compares the amount of income received from continuing education activities financed by Ministry of Education with the revenue received in respect of full-time B.Ed. student financed by the Ministry of Colleges and Universities. It requires something in the order of twelve students registering in one certificate course financed through the Professional Development Branch to offset a decline of one student in the pre-service program at current rates of grant and fee.

It is clear from the above discussion that the problem of adaptation in the Faculties and Colleges of Education in Ontario to the problem of declining enrolments and the changing needs of the teaching force are not made easy by the context within which the system is financed.

First, as I have noted above, the allocation of resources to a Faculty or College of Education within a University is determined by the status and respect/

accorded by each University community. Personal experience in Universities in both Canada and the United States leads me to believe that the low status accorded Colleges and Faculties of Education has more often than not resulted in their becoming prime targets for cost control and economy drives. Any attempts, therefore, to adapt to the changing needs of the public education system and the teaching profession which result in additional costs to the University are unlikely to be received with enthusiasm.

Secondly, the restrictions on increases in University grants to levels below those necessary to accommodate for inflation, together with the problems of declining enrolments (particularly in the faculties of humanities) have resulted in overall pressures for economy and restraint which inhibit adaptive behaviour if such behavior requires a commitment of additional resources.

In spite of these problems, Colleges and Faculties of Education in Ontario are preoccupied at this time with developing adaptive behaviour in order to meet the dramatic decline in pre-service enrolment of the last year or two. Obviously they are seeking to replace this loss by concentration on graduate and continuing education. This shift will not be easy.

During the last five years, as I have suggested, the increase in size and scope of graduate programs has been inhibited by the use of a funding unit based on 1975-1976 level of enrolment. Although it is in realm of speculation, I could see that the freeze, even if it is lifted at the end of this year, might be reimposed after taking into account programs which were introduced during the period of the freeze and not wholly funded. Since there has been disincentive to grow during the period of the freeze, it is unlikely that the base year enrolment upon which graduate funding would be based will have changed sifnificantly. Thus the development of graduate programs may be restricted for a further five years. It may be assumed that American Universities which face no such restrict-tions will be more than willing to take up the slack.

There is some concensus among the Faculties and Colleges of Education, the teaching force and, I believe, the Ministry of Education, that relief from the burden of pre-service preparation programs will permit a tremendous expansion in the area of professional and continuing education. The Council of Ontario Universities has recently prepared a Task Force report on the Funding of Continuing Education for Teachers which has been transmitted to the Chairman of the Ontario Council of University Affairs with a copy to Dr. Stevenson supporting this change. In essence, the report recommends discontinuance of the direct funding of certificate courses by the Ministry of Education and transfer of the/

funds to the Ministry of Colleges and Universities and that the in-service education of teachers be provided through standard degree and diploma programs.

I have some major concerns with respect to this proposal. First, as I have already suggested above, it will require a tremendous demand for part-time continuing education among teachers to replace the revenue currently derived from enrolments of full-time students in the pre-service programs. At the moment, continuing education activities tend to be provided at marginal cost to the institution through honoraria or overload stipends. Clearly, the grant for continuing education students will need to be quite substantial if it is to meet the revenue expectations of the Universities.

There are grounds for questioning the principle of providing continuing education programs at public expense. There are indications that social attitudes about who should bear the costs of post-secondary education are changing. There is evidence that in the context of restraint on overall Government spending, students should pay a higher proportion of the total cost of their own education where the benefit of such programs accrues primarily to the student. One might expect, therefore, some hardening of attitude towards the use of public funds for the provision of educational programs beyond the required minimums for certification. This applies particularly to those who expect to benefit directly in the form of increased salaries as a consequence of their participation. A shortage of resources to finance the public sector as a whole would suggest to me that it might be unreasonable in the future for educators to expect double support for continuing education. This argument may be applied to some aspects of the financing of graduate education, particularly the M.Ed. and M.B.A. Finally I would be concenred that restructuring the grant provisions might not automatically ensure that resources become available to Faculties and Colleges of Education to provide the additional service. In this connection, I would suggest that cost-revenue considerations at the individual University and Faculty level will be of more significance than the actual grant structure.

In reviewing my presentation thus far, I am struck by the negative tone that I have taken. What is even more depressing for me is that I cannot identify a solution to the problem which I have identified. The Universities appear to be facing a period of steady decline in enrolments and increasing difficulty in balancing their revenues against their costs. The Provincial Government appears to be in no more enviable a position. It is inevitable, therefore, that the Universities will need to accommodate by reducing their costs through/

the reduction of faculty and staff and by restricting the scope and variety of their programs. Colleges and Faculties of Education must be expected to share the burden of this reduction. Perhaps the most important issue is whether the contraction will take place as a result of the need to maximize revenue for the University or whether the contraction will take place as a result of elimination or changes of programs and activities which have a low priority per se. It would be unfortunate if the former rather than the latter situation where to apply.